



**TESTIMONY OF
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BEFORE THE U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON HOMELAND SECURITY
SUBCOMMITTEE ON MANAGEMENT, INTEGRATION & OVERSIGHT
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Chairman Rogers, Congressman Meek, and Members of the Committee, I am Elaine Duke, the Chief Procurement Officer for the Department of Homeland Security (DHS). I am pleased to be here today with Mr. Gregory Giddens of U.S. Customs and Border Protection (CBP), who is the Program Executive for the *SBI*net contract. Thank you for the opportunity to appear before you to discuss the *SBI*net contract.

The *SBI*net contract has been awarded, and now DHS, with its industry partner Boeing, has undertaken the task of using this contract vehicle to help achieve the critical national priority of securing the Nation's borders.

My top priorities are worth reviewing because they are essential for the successful execution of the *SBI*net contract, as well as other DHS acquisitions. My top four priorities are:

- First, to build the DHS acquisition workforce to enhance the DHS acquisition program.
- Second, to establish an acquisition system whereby each requirement has a well-defined mission and a management team that includes professionals with the requisite skills to achieve mission results.
- Third, to ensure more effective buying across the eight contracting offices through the use of strategic sourcing and supplier management.
- Fourth, to strengthen contract administration to ensure that products and services purchased meet contract requirements and mission needs.

My initial focus in providing DHS oversight of the *SBI*net contract is to ensure that the right numbers of people with the right skills are in the program and contract offices of CBP. Additionally, I will ensure that processes are in place to control the effective issuance and administration of task orders under this contract.

***SBI*net Program**

U.S. Customs and Border Protection (CBP) is the executive agent for DHS in the development of the *SBI*net solution. *SBI*net requires a comprehensive and aggressive strategy to deploy the optimum mix of personnel, technology, and infrastructure in a manner that will significantly reduce the probability of illegal entries and successful cross-border violations into the United States. *SBI*net supports the strategic plans and objectives of DHS and CBP.

As part of the comprehensive DHS solution for border security, CBP will use the *SBI*net contract to acquire, deploy, and sustain the technology and tactical infrastructure necessary to achieve control at and between ports of entry. The initial focus of *SBI*net will be where there are the most serious vulnerabilities to border security. It requires integrating a common operating picture (COP) of the border environment within a command and control center that will provide DHS components and stakeholders external to DHS an unprecedented level of interoperability. The *SBI*net solution will do the following:

- Develop a Common Operating Picture (COP) throughout CBP and DHS to integrate multiple state-of-the art systems, infrastructure, response capabilities, and personnel into a single comprehensive border security solution that communicates relevant situational awareness, including intelligence-driven operations capabilities at all operational levels and locations;
- Deploy the most effective combination of current- and next-generation technology, infrastructure, response capabilities, and personnel;
- Integrate technology, infrastructure, and processes to rapidly dispatch personnel;
- Cover all areas along the land border with Mexico and Canada, including the Great Lakes, but not including Alaska; and
- Cover all types of geographic areas, topology, land forms, population centers (urban, rural, remote), and environmental conditions.

This comprehensive solution carries out the goal of securing the border, which requires that four key elements be met:

- Detect an entry when it occurs;
- Identify what the entry is;
- Classify its level of threat (who they are, what they are doing, how many, etc); and
- Effectively and efficiently respond to the entry, bringing the situation to an appropriate law enforcement resolution.

Boeing will work with DHS to ensure that all aspects of the *SBI*net solution are compatible with other DHS and CBP initiatives.

***SBI*net Acquisition Overview**

As part of the comprehensive DHS solution for border security, CBP will use the *SBI*net contract to acquire, deploy, and sustain the technology and tactical infrastructure necessary to achieve control at and between ports of entry (POE). The *SBI*net Program incorporates acquisition best practices and lessons learned from previous border technology procurements to provide the most cost and operationally effective solution for securing the border. CBP selected an indefinite delivery, indefinite quantity (IDIQ) contract vehicle because the vastly different terrain, threats, and evolving nature of the operational environment require a solution that is flexible, adaptable, and tailored to specific needs.

The *SBI*net acquisition was conducted using full and open competition and resulted in a performance-based IDIQ contract being awarded to Boeing in September 2006. Several businesses submitted proposals that provided solutions for securing the borders and detailed the partnering relationships they intended to utilize to meet the Government's program objectives.

The contract has a base period of three years and three one-year option periods for a total of six years. The maximum that the Government may obligate under the contract covers the full panoply of supplies and services necessary to provide 6,000 miles of secure border. The Government has already met its minimum obligation under the contract (i.e., \$2 million). It is expected that the supplies and services required for this effort are, for the most part, commercially available. Major components consist of sensors, communication technologies and equipment, command and control systems and subsystems, infrastructure and response capabilities, and the integration of all of the above.

Task and delivery orders will be negotiated and may range from cost reimbursement to firm fixed price with appropriate risk-sharing between the Government and the contractor and award/incentive fee structures. It is anticipated that DHS will accept more of the risk during the design and development phases, which are expected to be cost reimbursement tasks. After the development phase has been completed, the contract task and delivery orders may shift to other types of arrangements. The *SBI*net contract, therefore, allows DHS to structure the acquisition into discrete, workable phases, implemented through task and delivery orders. This approach will provide the greatest amount of flexibility to respond to evolving requirements.

Further, the contract with Boeing is not an exclusive contract. DHS may at its discretion use other contract vehicles for the goods and services required for the *SBI*net Program. The Government reserves the right to compete *SBI*net requirements through the use of other contract vehicles or methods when it is in the best interest of the Government. This includes using other DHS contracts or Government-wide acquisition contracts, as appropriate. All such requirements will be carefully reviewed for small business set-aside potential. DHS will work with Boeing to ensure that requirements awarded under the contract are evaluated for make-or-buy decisions, i.e., subcontracting versus Boeing completing the work itself.

DHS Commitment to the Small Business Community through *SBI*net

During the solicitation phase of the *SBI*net acquisition, DHS emphasized its commitment to ensuring that any resulting contract would contain a substantial commitment to the small business community. The goals of the *SBI*net contract are related to the small business goals of DHS. The Boeing subcontract plan shows, in our view, the company's commitment to small businesses. Small business subcontracting and participation in the DHS Mentor-Protégé program were part of the evaluation criteria in the solicitation, contributing to a rigorous competition. Boeing submitted three Mentor-Protégés as part of its winning proposal. Our next major step is to ensure that procedures are in place to monitor Boeing's progress in the small business subcontracting arena.

In addition to the submission of required semi-annual electronic reports, DHS/CBP will enter into an agreement with the Defense Contract Management Agency (DCMA) to monitor Boeing's subcontracting. DCMA will perform on-site Small Business Program Compliance Reviews. The DHS Office of Small and Disadvantaged Business Utilization (OSDBU) will work closely with CBP to monitor Boeing's progress. OSDBU and CBP will work with Boeing to establish a small business outreach program.

Acquisition Management and Oversight

Both DHS and CBP are committed to acquisition management and oversight of the *SBI*net contract. My senior staff and I have been working very closely with CBP to ensure appropriate planning, execution, and management of the contract. From solicitation through contract award and task order issuance, my senior staff and I have been involved throughout the acquisition.

My Acquisition Oversight Directorate will be actively involved in reviewing the *SBI*net Program. As a Level 1 Procurement, my office will participate in all Departmental program review activities, including the meetings of the Investment Review Board. Also, we will routinely review acquisition planning documents, solicitations, task order awards, and contract administration activities. The *SBI*net Program will also be checked quarterly as part of the CBP Operational Assessment review in accordance with the DHS Acquisition Oversight Program. There will be a comprehensive acquisition management review of *SBI*net in conjunction with the Tri-annual Component review. Additionally, my oversight office has been, and will continue to be, available to consult with the *SBI*net Program Manager and Contracting Officer as needed.

The CBP Acquisition Office and the Program Management Office work hand in hand and are developing a Contract Management Plan. There are weekly meetings scheduled with senior management staff within the Program Management Office to discuss all work planned and in progress. Integrated Project Teams were formed at the initiation of task orders, allowing the Acquisition team to work with the Program Management Office in the development phase. There are a number of processes and procedures being implemented to ensure compliance with all DHS and CBP directives. Also, a training schedule will be developed for the entire Program Management Office. A Governance workshop is planned this month for the senior staff of the

Program Management Office and Boeing. This is the first of many such joint workshops that will include the Program Management Office, the Acquisition team, and Boeing.

Program Management Council

The Office of the Chief Procurement Officer (OCPO) has led the formation of a Program Management Council (PMC) as part of the Procurement Program Management Center of Excellence. The PMC is working to develop the policies, procedures, and other tool sets needed for DHS Program Managers to succeed. On a semi-annual basis I, as the CPO, and the current PMC Chairman, Gregory Giddens, will report to the Deputy Secretary on Department-wide progress in key areas of program management. They are:

- State of the DHS Program Manager (PM);
- PM effectiveness, successes, and recommendations;
- Certification status of PM's;
- PM training and career development;
- PM policies and procedures; and
- Lessons learned.

DHS has implemented Earned Value Management (EVM) within high priority programs and a Program Management Periodic Reporting process to assess the performance of all major investments each quarter.

Staffing

The CBP Acquisition Office envisions a full complement of contract and support staff and is taking appropriate steps to add staff dedicated solely to the *SBI^{net}* Program. The *SBI^{net}* staffing plan includes 31 contracting personnel. The *SBI^{net}* contract staff will be supported by other staff within the CBP Contracting Office. CBP currently has eight Government staff and eleven contractor staff dedicated to *SBI^{net}*.

Balancing the appropriate number of DHS contracting officials with the growth of DHS contracting requirements has been a challenge. The gap between DHS acquisition spending and acquisition staffing levels has placed increased demands on procurement officials. The challenges stretch across the entire DHS acquisition organization and are not limited to one major acquisition program such as *SBI^{net}*.

Within the Washington, D.C., area, competition for procurement personnel is intense. DHS has initiated staffing solutions to resolve personnel shortages. In particular, the Department is considering creating one centralized recruitment system for contracting personnel as well as enhance the DHS Acquisition Fellows Program which aims to recruit recent college graduates. Our office is also working with Human Resources to streamline the direct hire process. The FY 2007 Budget provided funding to hire additional acquisition personnel. Higher staffing levels will improve DHS' ability to monitor Department contracts and effectively identify and correct

poor contractor performance. Other examples of our efforts to address contracting staff shortages are:

- Formulating a strategy to develop relationships with local universities that have accredited contracting curriculums to attract collegiate talent at the junior level instead of waiting until graduation;
- Devising a recruitment strategy to attract mid-level professionals that includes targeting military personnel who possess the prerequisite skills and who are separating or retiring from military service; and
- Considering participating in the Department of Veterans Affairs program for hiring injured veterans returning from Iraq and Afghanistan.

In closing, there are several key factors that will ensure the successful performance of the *SBI*net contract. Some of those key factors include:

- Negotiating task orders with sound requirements, measurable outcomes, and good incentives;
- Continuously measuring performance and adherence to program metrics;
- Strong program management and contract administration; and
- Sustained competition through disciplined make-or-buy decision processes.

I am committed to working with CBP to ensure that these key factors are addressed throughout contract performance.